



Alexander Sloan
Accountants and Business Advisers

Company Registration No. SC060926 (Scotland)

GARVALD EDINBURGH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Charity Registration No. SC014228 (Scotland)

COMPANIES HOUSE
EDINBURGH

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GARVALD EDINBURGH

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	Nicola Bennett	
	Lesley Clemenson	(Appointed 28 February 2019)
	Graham Maclachlan	(Appointed 28 May 2018)
	Sandra McDonald	(Appointed 28 June 2018)
	Laurie Naumann	
	Tony O'Sullivan	
	Marion Smith	
	Bob Stewart	(Appointed 28 February 2019)
	Alan Swift	
	Robert Walley	
Secretary	Serena Lindsay	
Senior management	Mike Casey - Chief Executive	
Charity number (Scotland)	SC014228	
Company number	SC060926	
Registered office	600 Gorgie Road Edinburgh EH11 3AL	
Auditor	Alexander Sloan Accountants and Business Advisers 50 Melville Street Edinburgh EH3 7HF	
Bankers	Royal Bank of Scotland Plc 206 Bruntsfield Place Edinburgh EH10 4DF	
Solicitors	Lindsays WS Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE	

GARVALD EDINBURGH

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GARVALD EDINBURGH

Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and financial statements for the year ended 31 March 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

OBJECTIVES AND ACTIVITIES

The charity's object is to provide services for people with learning disabilities. This work is inspired by the ideas of Rudolf Steiner, an Austrian philosopher, to recognise and value the uniqueness of each person and seeks to create a quality of environment, activities and social relationships enabling people to realise their potential

The charity meets its objectives by providing day services to people with a learning disability. It provides such services to a total of approximately 235 adults, known as members.

ACHIEVEMENTS AND PERFORMANCE

After the organisation's withdrawal from the provision of accommodation services in early 2018 our primary objective has been to consolidate and improve our day services and to stabilise our long term financial position.

We are pleased that our 4 workshop sites and our shop continue to attract new members. All our facilities are full or close to being full and a waiting list is being maintained. This highlights that, within Edinburgh and the Lothians, Garvald Edinburgh continues to be a key destination for both young people in transition from school and adults with learning disabilities.

Following an extensive consultation exercise in October 2018, we published our 3-5 year strategy in the publication "Good Conversations". This set a number of key activities to be taken by the Board and senior management to refocus and improve organisational management and the services we offer. Good progress is being made with implementation.

Central to this work is the plan to refurbish our Gorgie Workshop premises which require to have better accessibility for the more complex needs of members and improved facilities to allow more modern working conditions and greater opportunities for new activities. Fundraising over £500,000 for this work to proceed has been at the core of our activity during this year. We are confident that contractors will be on site before the end of 2019.

Alongside work to improve facilities, energies have also been directed towards re-examining our services and how we market them to our customers and stakeholders. Our touchstone in reviewing services has been the Scottish Government policy document, "The Keys to Life" and its embryonic policies on social isolation for vulnerable people.

We have renewed our efforts to ensure our services connect with the wider community. This can mean through working in partnership with other local initiatives or by positioning workshop activities in ways that facilitate engagement with the public through exhibitions, performances or trading activities.

GARVALD EDINBURGH

Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2019

As part of our work this year, and in line with our strategic plan, we have reached out to key influencers within Edinburgh and the Lothians to help them understand the work we do. We have been heartened by the positive feedback we have received from MPs, MSPs, Local Councillors and those representing Trust Funds. Work on developing a more impactful marketing strategy is underway.

Garvald Edinburgh is very much a community and at the heart of the way the community works is ensuring that everyone has a voice. The organisation has a long standing mechanism for ensuring that members contribute to the day to day running of services through their representative body. This year a long overdue mechanism was added to the voice of the staff of the organisation by introducing a staff survey. This allowed staff to express their views openly about how Garvald Edinburgh is managed and about their aspirations for the organisation.

The Board is pleased to be able to take account of everyone's views in developing the organisation's future.

In September 2018 a pay settlement was made which improved pay across the organisation, reflecting the critical part staff play in the success of Garvald Edinburgh.

Continuing with the theme of staff, and in line with the strategic review, the organisation is now giving greater priority to the delivery of effective performance management and supervision and is actively developing new training opportunities so that services at Garvald continue to be delivered to a standard of excellence. The Board notes that staff vacancies are at a low level and a highly experienced staff body is in place.

In addition to investing more in our staff the year has also seen the Board undertake work to improve organisational governance at all levels. This has involved activity to improve oversight of key decision making processes and individual Board member engagement with workshops through the introduction of a "buddy" system for each site. The Board was pleased to see the organisation review its process in relation to data protection and to revise policies on absence management. The development of new reports on service delivery and quality standards at each site was also commenced.

Looking forward to 2019 and beyond it is clear that the continuing pressures on public sector funding will present challenges for us. However, activities already undertaken and those planned for the future will ensure Garvald Edinburgh is well placed to meet those challenges.

Duty of Candour reporting

Garvald has produced a report on duty of Candour which is available on our Website. No incidents are recorded in this period since its introduction.

FINANCIAL REVIEW

The Statement of Financial Activities shows net income (i.e. a surplus) for the year of £42,113 (2018 - net expenditure (i.e. a deficit) of (£45,204)). A total of £2,847,207 was retained in accumulated funds at the year end (2018 - £2,805,094).

Reserves Policy

It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Directors considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The Directors has assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company limited by guarantee and is governed by its Memorandum and Articles of Association.

GARVALD EDINBURGH

Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2019

The Directors who served during the year and up to the date of signature of the financial statements were:

Nicola Bennett	
Lesley Clemenson	(Appointed 28 February 2019)
Graham Maclachlan	(Appointed 28 May 2018)
Sandra McDonald	(Appointed 28 June 2018)
Laurie Naumann	
Tony O'Sullivan	
Marion Smith	
Bob Stewart	(Appointed 28 February 2019)
Alan Swift	
Robert Walley	
David Currie	(Resigned 23 May 2019)

Directors are appointed in accordance with the Articles of Association.

A board of no fewer than six and no more than twelve directors, who meet as they see fit, administer the charity. Responsibility for the management of day to day operations is delegated to a chief executive.

Appropriate induction is given to directors on appointment. Training and/or development in relevant areas is offered to directors as the need or opportunity arises.

Statement of Directors' responsibilities

The directors, who are also the trustees for the purpose of charity law, are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

In accordance with the company's articles, a resolution proposing that Alexander Sloan be reappointed as auditor of the company will be put at a General Meeting.

GARVALD EDINBURGH

Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2019

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Disclosure of information to auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Directors' report was approved by the Board of Directors.



Alan Swift

Director

Dated: 3 October 2019

GARVALD EDINBURGH

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF GARVALD EDINBURGH

Opinion

We have audited the financial statements of Garvald Edinburgh (the 'Charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

GARVALD EDINBURGH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF GARVALD EDINBURGH

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

GARVALD EDINBURGH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF GARVALD EDINBURGH

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



David Jeffcoat (Senior Statutory Auditor)
for and on behalf of Alexander Sloan

16/10/2019
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Alexander Sloan Accountants and Business Advisers
Statutory Auditor

Accountants and Business Advisers
50 Melville Street
Edinburgh
EH3 7HF

GARVALD EDINBURGH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

Current financial year

		Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
	Notes					
Income from:						
Donations	3	27,973	-	-	27,973	34,957
Income from charitable activities	4	2,927,144	-	116,710	3,043,854	3,969,366
Other trading activities	5	-	11,133	-	11,133	27,030
Investments	6	1,012	-	-	1,012	159
Total income		2,956,129	11,133	116,710	3,083,972	4,031,512
Expenditure on:						
Raising funds	8	19,032	-	-	19,032	34,457
Expenditure on charitable activities	9	2,818,460	156,783	47,584	3,022,827	4,042,259
Total expenditure		2,837,492	156,783	47,584	3,041,859	4,076,716
Net income/(expenditure) before transfers		118,637	(145,650)	69,126	42,113	(45,204)
Gross transfers between funds		(42,723)	42,723	-	-	-
Net income/(expenditure) for the year/ Net movement in funds		75,914	(102,927)	69,126	42,113	(45,204)
Fund balances at 1 April 2018		910,199	1,892,547	2,348	2,805,094	2,850,298
Fund balances at 31 March 2019		986,113	1,789,620	71,474	2,847,207	2,805,094

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure, except where disclosed as discontinued (see Note 7), derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 12 to 27 form an integral part of these financial statements.

GARVALD EDINBURGH

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

Prior financial year

		Unrestricted funds general 2018 £	Unrestricted funds designated 2018 £	Restricted funds 2018 £	Total 2018 £
	Notes				
<u>Income from:</u>					
Donations	3	23,857	-	11,100	34,957
Income from charitable activities	4	3,969,366	-	-	3,969,366
Other trading activities	5	27,030	-	-	27,030
Investments	6	159	-	-	159
Total income		4,020,412	-	11,100	4,031,512
<u>Expenditure on:</u>					
Raising funds	8	34,457	-	-	34,457
Expenditure on charitable activities	9	3,927,895	104,004	10,360	4,042,259
Total expenditure		3,962,352	104,004	10,360	4,076,716
Net income/(expenditure) before transfers		58,060	(104,004)	740	(45,204)
Gross transfers between funds		(15,026)	15,026	-	-
Net income/(expenditure) for the year/ Net movement in funds		43,034	(88,978)	740	(45,204)
Fund balances at 1 April 2017		867,165	1,981,525	1,608	2,850,298
Fund balances at 31 March 2018		910,199	1,892,547	2,348	2,805,094

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure, except where disclosed as discontinued (see Note 7), derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

GARVALD EDINBURGH

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	13		1,778,488		1,892,547
Current assets					
Stocks	15	26,308		35,547	
Debtors	16	495,234		463,120	
Cash at bank and in hand		819,120		788,291	
		<u>1,340,662</u>		<u>1,286,958</u>	
Creditors: amounts falling due within one year	17	<u>(127,943)</u>		<u>(234,108)</u>	
Net current assets			1,212,719		1,052,850
Total assets less current liabilities			2,991,207		2,945,397
Creditors: amounts falling due after more than one year	18		-		(25,103)
Provisions for liabilities			<u>(144,000)</u>		<u>(115,200)</u>
Net assets			<u>2,847,207</u>		<u>2,805,094</u>
Income funds					
Restricted funds	21		71,474		2,348
<u>Unrestricted funds</u>					
Designated funds	22	1,789,620		1,892,547	
General unrestricted funds		<u>986,113</u>		<u>910,199</u>	
			<u>2,775,733</u>		<u>2,802,746</u>
			<u>2,847,207</u>		<u>2,805,094</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Directors on 3 October 2019

Alan Swift
Director



Company Registration No. SC060926 (Scotland)

The notes on pages 12 to 27 form an integral part of these financial statements.

GARVALD EDINBURGH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	27		57,819		466,060
Investing activities					
Purchase of tangible fixed assets		(42,723)		(15,026)	
Loss on disposal of tangible fixed assets		14,721		-	
Interest received		1,012		159	
Net cash used in investing activities			(26,990)		(14,867)
Financing activities					
Repayment of borrowings		-		(100,000)	
Net cash used in financing activities			-		(100,000)
Net increase in cash and cash equivalents			30,829		351,193
Cash and cash equivalents at beginning of year			788,291		437,098
Cash and cash equivalents at end of year			819,120		788,291

The notes on pages 12 to 27 form an integral part of these financial statements.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Charity information

Garvald Edinburgh is a private company limited by guarantee incorporated in Scotland. The registered office is 600 Gorgie Road, Edinburgh, EH11 3AL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors consider there are no material uncertainties about the charity's ability to continue as a going concern thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Directors in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Donations are recognised when the charity has evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Entitlement usually arises immediately upon receipt, however, in the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Income from government and other grants, whether 'capital' or 'revenue' in nature, are recognised when the charity has unconditional entitlement to the funds, it is probable that the income will be received, the amount can be measured reliably. Unconditional entitlement will be achieved once any performance or other conditions attached to the grants have been met, or fulfilment of those conditions is wholly within the control of the charity.

Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Income from other trading activities includes income earned from both trading activities to raise funds for the charity and income from fundraising events and is recognised when the charity has entitlement to the funds, it is probable that these will be received and the amounts can be measured reliably.

Income from charitable activities includes income earned both from the supply of goods or services under contractual arrangements and from performance-related grants which have conditions that specify the provision of particular goods or services to be provided by the charity. Income from charitable activities is recognised as earned (as the related goods or services are provided).

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured or estimated reliably.

Liabilities are measured on recognition at historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date. The exception is that certain financial instruments must be adjusted to their present value; these include financial liabilities where settlement is deferred for more than 12 months after the reporting date.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Expenditure on raising funds includes all expenditure incurred by a charity to raise funds for its charitable purposes. It includes the costs of all fundraising activities and events together with those costs incurred in seeking donations, grants and legacies and investment management costs.

Expenditure on charitable activities includes all costs incurred by the charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. The costs of charitable activities presented in the Statement of Financial Activities includes the costs of both direct service provision and the payments of grant awards if applicable.

Support costs are incurred supporting the charity's activities and include expenditure associated with administrative and finance functions, business support, HR, IT and governance. These support functions are shared across the charity's activities and are apportioned across those activities in order to arrive at the full cost for each reported activity. The method of apportionment adopted by the charity are outlined in the notes to the financial statements.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Governance costs (which are included as a component of support costs in accordance with SORP) comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to constitutional and statutory requirements, external scrutiny (audit or independent examination), strategic management, and other legal and professional fees.

The charity is registered for VAT and is partially exempt. Any irrecoverable VAT on incurred costs is included in expenditure.

1.6 Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £1,000 are not capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and Buildings	Not depreciated
Tenants improvements	Straight line over the life of the lease
Workshop equipment	5 year straight line
Fixtures, fittings and equipment	5 year straight line
Motor vehicles	3 year straight line
Office equipment	5 year straight line

Freehold land and buildings are not depreciated as the directors deem the depreciable cost to be immaterial.

The directors estimate that the residual value of the property is not materially lower than its carrying value in the balance sheet as the charity has a policy of regular maintenance and repair which ensures the building is kept in good condition.

The residual value is estimated by considering similar properties of an age and state of repair equivalent to that anticipated at the end of the property's deemed expected useful life of not more than twenty years.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

Stock is included at the lower of cost or net realisable value after due regard for obsolete or slow moving stock.

Donated goods for resale are recognised at fair value on initial recognition, being the expected proceeds from sale less the expected costs of sale. Where it is impractical to estimate the fair value, the value to the charity of the donated goods sold is recognised as income when sold.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at the carrying value plus accrued interest less repayments. The financing charge to expenditure is at a constant rate calculated using the effective interest method.

Basic financial assets

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid after taking account of any discounts due.

Basic financial liabilities

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Grant income is deferred where the grant is subject to performance-related conditions and is received in advance of delivering services required. Where grant income is deferred it is accounted for as a liability and shown on the balance sheet as deferred income. Deferred income is released to income in the reporting period in which the performance related conditions that limit recognition are met. See also Note 21.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.11 Provisions

Provisions are recognised when the Charity has a legal or constructive present obligation as a result of a past event, it is probable that the Charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

1.12 Retirement benefits

The charity operates two defined contribution pension schemes. The assets of the pension schemes are held separately from those of the charity in an independently administered fund. The pension costs charged in the financial statements represent the contribution payable to the pension schemes by the charity during the year.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the Balance Sheet date are discounted to present value.

2 Critical accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

3 Donations

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £	Restricted funds 2018 £	Total 2018 £
Donations and gifts	9,108	13,327	11,100	24,427
Garvald Trust grants	18,865	10,530	-	10,530
	<u>27,973</u>	<u>23,857</u>	<u>11,100</u>	<u>34,957</u>

4 Income from charitable activities

	2019 £	2018 £
Service fees	2,674,637	3,712,667
Performance related grants	116,710	-
Canteen, lunches and shop sales	123,101	126,887
Other sales and rental income	129,406	129,812
	<u>3,043,854</u>	<u>3,969,366</u>
Analysis by fund		
Unrestricted funds - general	2,927,144	3,969,366
Restricted funds	116,710	-
	<u>3,043,854</u>	<u>3,969,366</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5 Other trading activities

	Unrestricted funds designated 2019 £	Unrestricted funds general 2018 £
Fundraising income	11,133	27,030

6 Investments

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £
Interest receivable	1,012	159

7 Discontinued operations

During the year to 31 March 2018, the charity discontinued the provision of accommodation services. The Statement of Financial Activities for the year ended 31 March 2018 (Page 9) includes income from charitable activities of £1,225,638 and expenditure on charitable activities of £1,491,292, in respect of these discontinued services.

8 Raising funds

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £
Other fundraising costs	991	11,853
Staff costs	18,041	22,604
	19,032	34,457

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

9 Expenditure on charitable activities

	2019 £	2018 £
Staff costs	2,001,794	2,997,660
Depreciation	142,061	104,004
Premises costs	515,403	539,042
Running costs	287,494	329,813
Motor and travel costs	48,533	54,275
Interest and finance charges	5,219	10,085
Governance costs	7,602	7,380
Loss on disposal of assets	14,721	-
	<u>3,022,827</u>	<u>4,042,259</u>
Analysis by fund		
Unrestricted funds - general	2,818,460	3,927,895
Unrestricted funds - designated	156,783	104,004
Restricted funds	47,584	10,360
	<u>3,022,827</u>	<u>4,042,259</u>

10 Net income/(expenditure)

	2019 £	2018 £
Net income/(expenditure) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	<u>142,061</u>	<u>104,004</u>

11 Directors

None of the Directors (or any persons connected with them) received any remuneration or benefits from the Charity during the year in their capacity as a Director. See also Note 25 Related Party Transactions.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Management & Administration	7	7
Day Staff	105	144
	<u>112</u>	<u>151</u>

Employment costs

	2019 £	2018 £
Wages and salaries	1,804,940	2,711,372
Social security costs	106,435	162,407
Other pension costs	108,460	146,485
	<u>2,019,835</u>	<u>3,020,264</u>

There were no employees whose annual remuneration was £60,000 or more.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

13 Tangible fixed assets

	Land and Buildings	Tenants Improvements	Workshop equipment	Fixtures, fittings and equipment	Motor vehicles	Office equipment	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2018	135,000	2,366,496	81,980	20,434	66,116	65,947	2,735,973
Additions	-	-	-	-	42,723	-	42,723
Disposals	-	(32,028)	(5,078)	(1,616)	-	(388)	(39,110)
At 31 March 2019	135,000	2,334,468	76,902	18,818	108,839	65,559	2,739,586
Depreciation and impairment							
At 1 April 2018	-	631,036	77,451	12,145	63,360	59,434	843,426
Depreciation charged in the year	-	124,374	1,018	1,769	11,438	3,462	142,061
Eliminated in respect of disposals	-	(18,115)	(5,078)	(808)	-	(388)	(24,389)
At 31 March 2019	-	737,295	73,391	13,106	74,798	62,508	961,098
Carrying amount							
At 31 March 2019	135,000	1,597,173	3,511	5,712	34,041	3,051	1,778,488
At 31 March 2018	135,000	1,735,460	4,529	8,289	2,756	6,513	1,892,547

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 Financial instruments	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,236,465	1,178,767
Carrying amount of financial liabilities		
Measured at amortised cost	51,027	139,066
15 Stocks	2019	2018
	£	£
Finished goods and goods for resale	26,308	35,547
16 Debtors	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	343,781	260,752
Other debtors	85,210	139,415
Prepayments and accrued income	66,243	62,953
	495,234	463,120
17 Creditors: amounts falling due within one year	2019	2018
	£	£
Other taxation and social security	22,966	19,405
Trade creditors	26,171	42,870
Other creditors	9,446	57,966
Accruals and deferred income	69,360	113,867
	127,943	234,108
18 Creditors: amounts falling due after more than one year	2019	2018
	£	£
Other creditors	-	25,103
19 Provisions for liabilities	2019	2018
	£	£
Dilapidations provision	144,000	115,200

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

		(Continued)	
19	Provisions for liabilities	2019	2018
	Movements on provisions:		
			Dilapidations provision
			£
	At 1 April 2018		115,200
	Additional provisions in the year		28,800
	At 31 March 2019		<u>144,000</u>

20 Government grants

Grants	1 April '18 £	Receipts in year £	Released in year £	31 Mar '18 £
SVQ Grant Funding	740	-	(740)	-
Garvald Trust	100,000	-	(46,050)	53,950
	<u>100,740</u>	<u>-</u>	<u>(46,790)</u>	<u>53,950</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			Balance at 31 March 2019 £
	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 1 April 2018 £	Income £	Expenditure £	
Staff Training	-	11,100	(10,360)	740	-	-	740
Waterside cooling Fans	1,608	-	-	1,608	-	-	1,608
Gorgie workshop refurbishment	-	-	-	-	70,660	(1,534)	69,126
Day services	-	-	-	-	46,050	(46,050)	-
	<u>1,608</u>	<u>11,100</u>	<u>(10,360)</u>	<u>2,348</u>	<u>116,710</u>	<u>(47,584)</u>	<u>71,474</u>

Purposes of Restricted Funds

Waterside cooling Fans

Funding was received from The Beatrice Laing Trust to purchase cooling fans at Waterside.

Staff training

A government grant was received to assist Garvald Edinburgh with meeting the qualification criteria set by the Scottish Social Services Council for registration.

Gorgie Workshop Refurbishment

Funds were received for the planned refurbishment of the Gorgie Road Workshops.

Day Services

Funds were received from Garvald Trust to fund the employment of two Day Service Managers.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

				Movement in funds					
	Balance at 1 April 2017	Expenditure	Transfers	Balance at 1 April 2018	Income	Expenditure	Transfers	Balance at 31 March 2019	
	£	£	£	£	£	£	£	£	£
Other fixed assets	149,583	(7,522)	15,026	157,087	-	(18,496)	42,723	181,314	
Tenants improvements	1,831,942	(96,482)	-	1,735,460	-	(138,287)	-	1,597,173	
Gorgie Workshop Refurbishment	-	-	-	-	11,133	-	-	11,133	
	<u>1,981,525</u>	<u>(104,004)</u>	<u>15,026</u>	<u>1,892,547</u>	<u>11,133</u>	<u>(156,783)</u>	<u>42,723</u>	<u>1,789,620</u>	

Purposes of Designated Funds

Other fixed assets

This fund has been set up to carry the value of the freehold property and all fixed assets with the exception of tenants improvements. A transfer of £42,723 from General Funds was made which represents the capital cost of additions in the year to 31 March 2019.

Tenant's improvements

The purpose of this fund is to carry the value of the improvements made to the properties leased by the charity.

Gorgie Workshop Refurbishment

The purpose of this fund is to designate funds for the refurbishment of the Gorgie Workshop.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

23 Analysis of net assets between funds

	Unrestricted funds 2019 £	Designated funds 2019 £	Restricted funds 2019 £	Total 2019 £	Unrestricted funds 2018 £	Designated funds 2018 £	Restricted funds 2018 £	Total 2018 £
Fund balances at 31 March 2019 are represented by:								
Tangible assets	1	1,778,487	-	1,778,488	-	1,892,547	-	1,892,547
Current assets/(liabilities)	1,130,112	11,133	71,474	1,212,719	1,050,502	-	2,348	1,052,850
Long term liabilities	-	-	-	-	(25,103)	-	-	(25,103)
Provisions	(144,000)	-	-	(144,000)	(115,200)	-	-	(115,200)
	<u>986,113</u>	<u>1,789,620</u>	<u>71,474</u>	<u>2,847,207</u>	<u>910,199</u>	<u>1,892,547</u>	<u>2,348</u>	<u>2,805,094</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

24 Contingent Assets

The charity has received notification from charitable trusts and foundations of grants that have been committed to Garvald Edinburgh and which must be spent on the Gorgie Refurbishment project. These grants are conditional on the project going ahead and work commencing. As at the financial year end, work on the project had not commenced. As a result these grants have not been recognised in the financial statements to 31 March 2019 and are classed as a contingent asset. The value of these grants is £171,000.

25 Operating lease commitments

At the reporting end date the Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	220,763	263,766
Between two and five years	693,390	723,994
In over five years	1,187,723	1,356,518
	<u>2,101,876</u>	<u>2,344,278</u>

£272,565 (2018 - £248,258) of lease payments were recognised as an expense during the year.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>239,317</u>	<u>282,389</u>

Transactions with related parties

No directors received reimbursement of expenses during the period (2018: £nil).

Five relatives of four directors received remuneration in the period as employees, all of whom were employed under normal terms and conditions. Total salary paid was £46,685 (2018: three relatives of two directors were paid £35,908).

One of the Directors provided fundraising services to Garvald Edinburgh and was paid £1,550 for these services during her period as a Director.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

27	Cash generated from operations	2019	2018
		£	£
	Surplus/(deficit) for the year	42,113	(45,204)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(1,012)	(159)
	Depreciation and impairment of tangible fixed assets	142,061	104,004
	Movements in working capital:		
	Decrease in stocks	9,239	925
	(Increase)/decrease in debtors	(32,114)	272,762
	(Decrease)/increase in creditors	(131,268)	116,032
	(Decrease) in provisions	28,800	28,800
	(Decrease) in deferred income	-	(11,100)
	Cash generated from operations	57,819	466,060
